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October 27, 2005

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
Room TW B-204  
445 12<sup>th</sup> Street S.W.  
Washington, D.C. 20554

Re: *In the Matter of SBC/AT&T Applications for Approval for Transfer of Control*, WC Docket No. 05-65

Dear Ms. Dortch:

This letter is being submitted to the Commission on behalf of Norlight Telecommunications, Inc. ("Norlight"). Norlight provides network services to the wholesale carrier market and integrated voice and data communications solutions to businesses. Norlight is a Journal Communications ("Journal") company. Journal, headquartered in Milwaukee, WI, is a diversified media and communications company with operations in publishing, radio and television broadcasting, telecommunications, and print services. Norlight has been an active participant in this proceeding.

Norlight submits this letter to the Commission in order to reiterate its many concerns regarding the potential anticompetitive effects of the SBC-AT&T merger. As Norlight has expressed in recent (and notified) *ex partes* with Commission officials, competitive carriers, like Norlight, will be negatively impacted if the merger of SBC and AT&T is approved by the Commission without any conditions, particularly with regard to the provision of special access by the merged company.

It is common knowledge that, for many years, AT&T has provided alternative options for special access services. As a competitive provider of special access, AT&T's presence in the special access market disciplined SBC's market behavior to a large extent. Indeed, AT&T's presence in the special access market has had a stabilizing, if not downward, effect on SBC's special access rates. Moreover, it is universally understood that competitive pressures from AT&T, to some extent, have had the effect of forcing SBC to deliver quality products and services—or else it ran the risk of losing business to AT&T.

Norlight is very concerned that the elimination of AT&T as a major competitive provider of special access will allow SBC to increase its rates with impunity, as well as enable SBC to engage in anticompetitive conduct, to the ultimate disadvantage of other carriers who rely on special access services as a component of their service offerings. Without competitive pressures from AT&T, SBC will have *carte blanche* to implement unreasonable rates, terms, and conditions for special access that likely will remain unchallenged. In essence, competitive carriers will be captive to SBC's whims because there will be no other competitive suppliers upon which to rely.

The ultimate result of this would be potentially to squeeze carriers, such as Norlight, out of the competitive market. These carriers would have only three choices: (a) buy special access from the only provider of special access, SBC, at egregious rates and unreasonable terms and conditions; (b) choose not to provide service in markets where SBC is the only provider of special access; and (c) deploy their own facilities. The ultimate effect of option (a) above would be to increase the carrier's prices in order to account for SBC's high special access rates. Option (b) is impractical because it would affect the breadth and scope of the carrier's services which, in turn, would put the carrier at a competitive disadvantage. Option (c), on the other hand, would be expensive and would not be a reasonable option for competitors who do not have the critical scale and mass of either SBC or AT&T, let alone a combined SBC-AT&T..

In addition to the ability of SBC to increase its special access rates with impunity and to impose unreasonable terms and conditions, several carriers have recently provided demonstrable proof that SBC is already engaging in anticompetitive practices even before its merger with AT&T is approved. For example, Qwest has asserted in recent filings with the Commission that SBC has been insisting on certain "trade-offs" as a condition of access. Norlight is concerned that SBC may already be developing a business strategy in anticipation of Commission approval that is not conducive to competition.

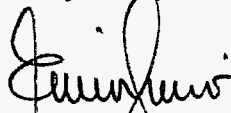
Norlight submits that the Commission should impose post-merger conditions on the merged company in order to prevent the sort of anticompetitive behavior of which SBC is known to be capable. More specifically, the Commission should adopt conditions that would discourage SBC from leveraging its gargantuan size and monopoly power in the telecommunications arena to the disadvantage of its existing competitors. In this regard, several carriers have recently proposed post-merger conditions that are manifestly reasonable, potentially effective, and administratively manageable. For example, in a recent filing, a coalition of competitive carriers proposed certain conditions that would ensure that the rates, terms, and conditions for special access circuits reflect pre-merger market conditions. *See Letter to Marlene H. Dortch from Brad E. Mutschelknaus on Behalf of BridgeCom International, Broadview Networks, Conversent Communications, Eschelon Telecom, NuVox Communications, TDS Metrocom, XO Communications, and Xspedius Communications (filed Sept. 22, 2005).* Likewise, Qwest recently proposed post-merger conditions designed to, among other things, prevent SBC from imposing new and unreasonable conditions on the use of special access. *See Letter from Robert L. Connelly, Jr. to Marlene H. Dortch (filed Sept. 21, 2005).* Most recently, a diverse group of

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competitors and organizations submitted a joint proposal to the Commission setting forth certain conditions designed to prevent the SBC-AT&T merger from harming the public through reduced competition and higher prices. That proposal includes rate adjustments to SBC's special access rate elements, a backsliding protection, and safeguards against anticompetitive leveraging of special access service, among several other things. *See* Letter to Marlene H. Dortch from Ad Hoc Telecommunications Users Committee, BT Americas Inc., Qwest Communications International, Inc., XO Communications, Inc., Broadwing Communications LLC, Level 3 Communications, LLC, and SAVVIS, Inc. (filed Oct. 17, 2005).

Norlight believes that all, or a combination, of these proposed conditions should be adopted in order to effectively address the concerns raised by the industry. Such conditions are crucial in preventing potentially harmful and competitively destabilizing disruptions in the telecommunications arena that will most assuredly result from an unconditional approval of the SBC-AT&T merger.

Very truly yours,



Lawrence Freedman  
A. Enrico C. Soriano  
Counsel for Norlight Telecommunications,  
Inc.

cc: Chairman Kevin J. Martin  
Commissioner Kathleen Q. Abernathy  
Commissioner Michael J. Copps  
Commissioner Jonathan S. Adelstein  
Michelle Carey  
Jessica Rosenworcel  
Scott Bergmann  
Russell Hanser  
Marcus Maher  
Gary Remondino  
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